

Bank Sector

Macro Factors Deepens Valuation Discount

- Total bank loans reached Rp 8.7 trillion (+9.15% YoY), increasing from Rp 7.9 trillion in 2M25 and remaining broadly in line with Bank Indonesia's 2026 loan growth target of 8–10%.
- The Indonesian Ministry of Finance's Rp 276 trillion liquidity injection into the banking sector, particularly state-owned banks, has helped ease the deposit rate competition.
- Indonesia's banking sector has gradually entered a recovery phase, although key challenges remain driven by both domestic and global macroeconomic uncertainty.
- We assign **OVERWEIGHT** rating on Indonesia's banking sector, supported by gradually improving fundamentals. We identify **BMRI** as our top pick, given their compelling valuations at 6.7x P/E and attractive dividend yields of approximately 11%.

Healthy Loan Growth and Lower Funding Costs Support Banking Outlook

Indonesia's banking sector remains fundamentally resilient despite ongoing domestic and global macroeconomic pressures. Based on the latest 2M26 industry data, total banking loans reached Rp 8.7 trillion (+9.15% YoY), increasing from Rp 7.9 trillion in 2M25 and remaining broadly in line with Bank Indonesia's 2026 loan growth target of 8–10%. Customer deposits also recorded healthy growth, rising to Rp 10.1 trillion (+11.6% YoY) from Rp 9.0 trillion in the prior-year period, indicating sufficient liquidity to support further credit expansion. On the interest rate side, lending rates have started to decline in line with Bank Indonesia's monetary easing cycle, with KBMI 4 loan rates decreasing to 8.3% in 2M26 from 8.9% in 2M25, while KBMI 3 rates also declined to 8.3% from 8.6% over the same period. This trend should help ease financing costs across the economy and support broader economic activity.

Liquidity Injection Helps Normalize Deposit Competition

The Indonesian Ministry of Finance's Rp 276 trillion liquidity injection into the banking sector, particularly state-owned banks, has helped ease the deposit rate competition that intensified throughout 2024. During that period, tightening system liquidity pushed banks to aggressively secure third-party funds by offering higher deposit and current account rates. This pressure has started to normalize following government support, as reflected by the recent decline in industry deposit rates. However, banking sector margins have yet to fully recover, with KBMI 4 banks reporting NIM of 4.7% in 2M26, down from the 2023–2025 average level of above 5.0%. The weaker margin profile was mainly driven by lending rates declining faster than funding costs, suggesting that normalization in third-party fund repricing still requires additional time before NIM can sustainably recover above 5.0%. Nevertheless, industry liquidity indicators have improved, with KBMI 4 Loan-to-Deposit Ratio (LDR) declining from 90.0% in 2024 to 85.1% in 2M26, indicating a healthier funding environment and lower liquidity pressure across the sector.

Global Uncertainty and Capital Outflows Weigh on Banking Recovery

We believe Indonesia's banking sector has gradually entered a recovery phase, although key challenges remain driven by both domestic and global macroeconomic uncertainty. Escalating geopolitical tensions have pushed WTI oil prices above US\$ 100 per barrel, increasing concerns over slower global growth and rising energy crisis risks. Higher oil prices also raise fiscal pressure for Indonesia, with the state budget deficit now projected to exceed 3.0% of GDP, above the government's historical comfort level. At the same time, the Indonesian Rupiah has weakened significantly, with USD/IDR reaching Rp 17,500, adding further pressure on capital flows and investor sentiment. These developments have prompted several global rating institutions to revise Indonesia's outlook lower, contributing to substantial foreign outflows from domestic financial markets. The banking sector has been among the most impacted, with BBCA leading regular market net foreign outflows YTD at Rp 30.0 trillion, followed by BMRI at Rp 9.6 trillion, BBRI at Rp 7.4 trillion, and BBNI at Rp 2.3 trillion, while total IHSG regular market outflows reached Rp 50.6 trillion YTD. Looking ahead, investors are likely to remain cautious pending further clarity on macroeconomic developments and the upcoming MSCI announcement, which could materially influence Indonesia's capital flow direction and broader market positioning.

Compelling Risk Reward Supports Positive Banking Outlook

We assign **OVERWEIGHT** rating on Indonesia's banking sector, supported by gradually improving fundamentals as reflected in sector financial performance over the past six months, alongside improving liquidity conditions and healthier NPL trends. **While both domestic and global economies remain exposed to geopolitical uncertainty, rising inflation risks, slowing global growth, and continued foreign outflows from banking stocks, we believe current valuations, particularly among KBMI 4 banks, have largely priced in these downside risks.** At current levels, major KBMI 4 banks offer attractive 12-month return potential of approximately 20–40%, while relative valuations across the sector have compressed to below -2 standard deviations on both P/E and P/BV metrics for most large-cap banks. We identify **BMRI** as our top pick, given their compelling valuations at 6.7x P/E and attractive dividend yields of approximately 11%.

OVERWEIGHT

Bank Sector Universe

Ticker	Price (Rp)	Target Price (Rp)	Call	Upside (%)
BBCA	6,100	8,900	BUY	45.9
BMRI	4,200	6,150	BUY	46.4
BBRI	3,120	4,100	BUY	31.4
BBNI	3,870	4,800	BUY	24.0
BRIS	1,830	3,100	BUY	69.3
BBTN	1,340	1,550	BUY	15.7

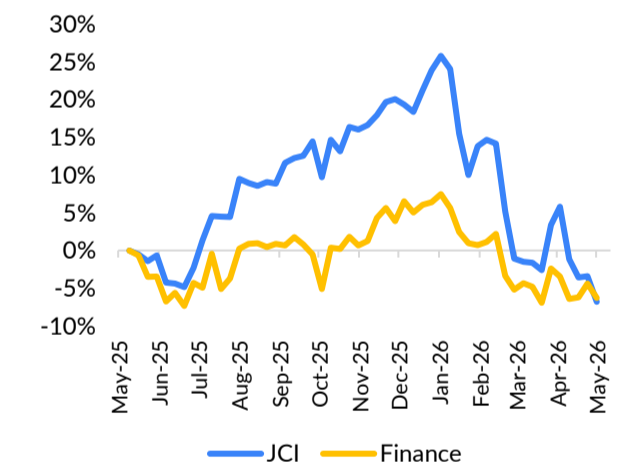
Source: Bloomberg, Ajaib Research

Bank Sector Valuation (TTM)

Ticker	PE (x)	PBV (x)	EPS Gth. (%)	Div. Yield (%)
BBCA	12.9	2.9	0.9	5.5
BMRI	6.7	1.3	3.8	11.4
BBRI	8.0	1.4	3.3	11.1
BBNI	7.1	0.9	1.4	9.0
BRIS	10.7	1.7	4.2	1.8
BBTN	5.1	0.5	5.8	4.0

Source: Bloomberg, Ajaib Research

1Y Performance Finance Sector vs JCI



Source: Bloomberg, Ajaib Research

Top 10 Constituent IDX Finance

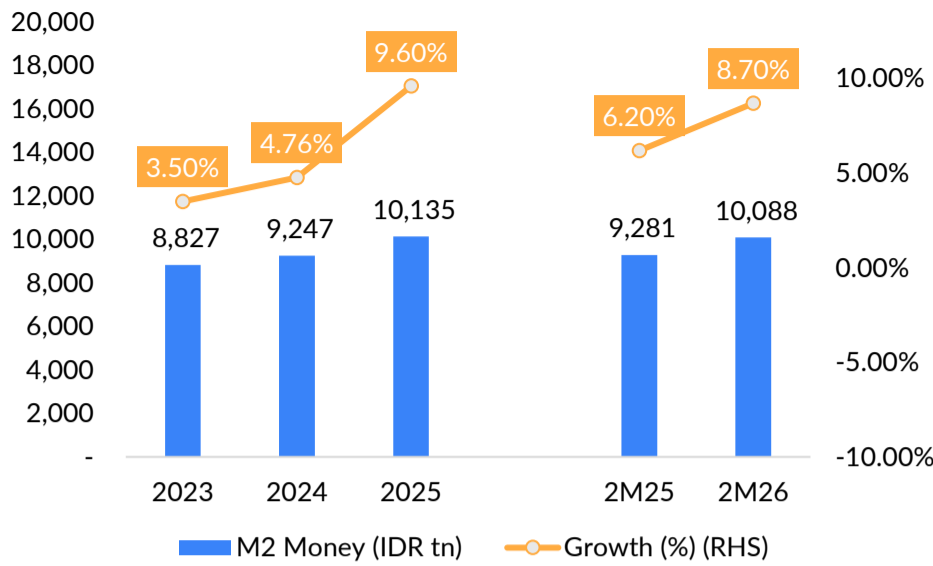
Ticker	MC Index (IDR tn)	Index Weight (%)
CASA	31.6	8.8
SMMA	31.2	8.7
BMRI	30.6	8.5
BBCA	28.4	7.9
BBNI	28.2	7.8
BBRI	28.1	7.8
MEGA	21.8	6.0
APIC	14.0	3.9
BNLI	10.7	3.0
DNET	10.1	2.8
Total	234.7	65.3

Source: IDX, Ajaib Research

Analyst

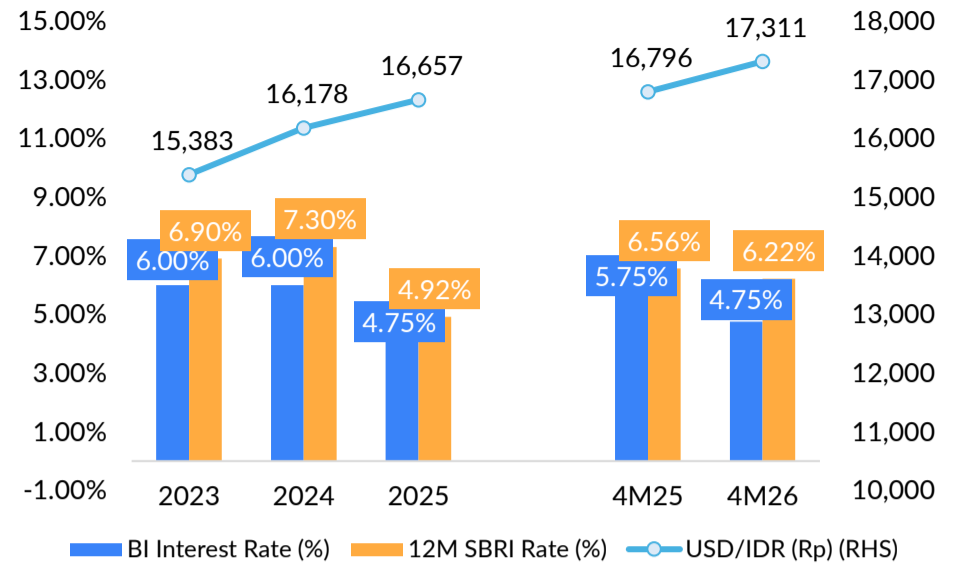
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Figure 1. Indonesia's M2 Money Supply



Source: OJK, Bank Indonesia, Ajaib Research

Figure 2. Bank Indonesia's Major Rates



Source: OJK, Bank Indonesia, Ajaib Research

Table 1. Banking Sector Loan and Deposit (IDR tn)

Loan	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
Total	7,187.00	7,942.95	8,693.97	9.46	7,937.05	8,663.01	9.15
KBMI 1	754.65	810.76	757.56	(6.56)	782.80	749.11	(4.30)
KBMI 2	864.42	935.04	862.68	(7.74)	849.26	853.32	0.48
KBMI 3	1,860.64	2,013.68	2,390.43	18.71	2,136.30	2,365.91	10.75
KBMI 4	3,707.28	4,183.47	4,683.30	11.95	4,168.70	4,694.67	12.62
Third-Party Fund	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
Total	8,457.93	8,835.76	10,057.54	13.83	9,050.45	10,102.27	11.62
KBMI 1	918.31	974.56	930.50	(4.52)	930.52	933.65	0.34
KBMI 2	989.28	1,048.84	992.97	(5.33)	999.30	994.15	(0.51)
KBMI 3	2,070.64	2,223.10	2,757.94	24.06	2,344.60	2,700.76	15.19
KBMI 4	4,479.70	4,589.25	5,376.13	17.15	4,776.03	5,473.70	14.61

Source: OJK, Ajaib Research

Table 2. Banking Sector Loan Interest Rate

Loan Rate IDR (%)	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
KBMI 1	11.34	11.31	10.26	(9.28)	11.25	10.30	(8.44)
KBMI 2	10.45	10.56	11.58	9.66	10.65	11.78	10.61
KBMI 3	8.49	8.44	8.34	(1.18)	8.56	8.32	(2.80)
KBMI 4	8.95	8.85	8.36	(5.54)	8.88	8.29	(6.64)
Loan Rate Forex (%)	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
KBMI 1	6.57	6.01	5.34	(11.15)	5.92	5.23	(11.66)
KBMI 2	6.66	5.80	5.12	(11.72)	5.74	5.06	(11.85)
KBMI 3	6.60	5.95	5.31	(10.76)	5.88	5.22	(11.22)
KBMI 4	6.55	6.21	5.78	(6.92)	6.11	5.70	(6.71)

Source: OJK, Ajaib Research

Table 3. Banking Sector Third-Party Fund Interest Rate

Savings Account Rate (%)	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
KBMI 1	1.61	1.50	1.30	(13.33)	1.52	1.34	(11.84)
KBMI 2	1.23	1.30	1.23	(5.38)	1.18	1.28	8.47
KBMI 3	1.03	0.91	1.08	18.68	1.00	1.04	4.00
KBMI 4	0.40	0.44	0.47	6.82	0.45	0.44	(2.22)
Current Account Rate (%)	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
KBMI 1	1.88	2.13	1.94	(8.92)	2.01	1.86	(7.46)
KBMI 2	1.94	1.96	1.76	(10.20)	1.93	1.82	(5.70)
KBMI 3	2.39	2.73	2.59	(5.13)	2.48	2.58	4.03
KBMI 4	2.05	2.42	1.97	(18.60)	2.41	1.98	(17.84)
Time Deposit Rate (%)	2023	2024	2025	YoY Growth (%)	2M25	2M26	YoY Growth (%)
KBMI 1	5.26	5.88	5.22	(11.22)	5.83	4.97	(14.75)
KBMI 2	5.56	6.05	5.12	(15.37)	5.91	4.86	(17.77)
KBMI 3	4.88	5.44	4.76	(12.50)	5.42	4.66	(14.02)
KBMI 4	4.41	4.59	3.89	(15.25)	4.78	4.02	(15.90)

Source: OJK, Ajaib Research

Table 4. Banking Sector Key Metrics

CAR (%)	2023	2024	2025	YoY Growth (%)	1M26	2M26	MoM Growth(%)
KBMI 1	33.4	31.4	30.9	(1.62)	31.05	30.7	(1.19)
KBMI 2	36.9	37.8	41.5	9.69	40.82	40.9	0.15
KBMI 3	25.8	25.0	24.7	(1.16)	24.77	24.8	0.12
KBMI 4	24.8	23.7	22.3	(5.67)	22.33	22.3	0.00
ROA (%)	2023	2024	2025	YoY Growth (%)	1M26	2M26	MoM Growth(%)
KBMI 1	1.3	0.9	1.4	51.09	1.7	1.5	(10.84)
KBMI 2	1.6	2.0	2.1	6.15	2.0	1.9	(2.02)
KBMI 3	1.8	1.7	1.6	(6.32)	1.7	1.6	(8.05)
KBMI 4	3.9	3.8	3.4	(11.14)	3.2	3.0	(3.49)
NIM (%)	2023	2024	2025	YoY Growth (%)	1M26	2M26	MoM Growth(%)
KBMI 1	4.9	4.5	4.7	3.98	4.6	4.6	(1.72)
KBMI 2	4.3	4.3	5.1	17.74	4.9	4.8	(0.62)
KBMI 3	3.8	3.6	3.9	10.14	3.9	3.7	(3.36)
KBMI 4	5.3	5.2	5.1	(3.05)	5.0	4.7	(4.24)
LDR (%)	2023	2024	2025	YoY Growth (%)	1M26	2M26	MoM Growth(%)
KBMI 1	81.8	82.5	80.8	(2.12)	78.9	79.7	1.04
KBMI 2	84.4	84.9	83.1	(2.18)	81.7	82.3	0.72
KBMI 3	88.6	89.3	85.6	(4.10)	85.3	86.6	1.48
KBMI 4	81.9	90.3	86.5	(4.31)	86.4	85.1	(1.50)

Source: OJK, Ajaib Research

Table 5. KBMI 4 Key Metrics Comparison

CAR (%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	29.4	29.4	29.8	1.4	26.6	27.0	1.5
BMRI	22.0	20.8	20.4	(1.9)	18.5	19.7	6.5
BBRI	27.3	26.6	23.5	(11.7)	24.0	22.9	(4.6)
BBNI	22.0	21.4	20.7	(3.3)	22.3	18.5	(17.0)
NIM (%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	5.5	5.8	5.2	(10.3)	5.8	5.4	(6.9)
BMRI	5.5	5.2	4.9	(5.0)	4.8	4.7	(1.1)
BBRI	8.0	7.9	7.8	(1.3)	7.7	7.9	2.6
BBNI	4.6	4.2	3.8	(9.5)	3.9	3.6	(7.7)
LDR (%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	70.2	78.4	76.8	(2.0)	76.1	74.1	(2.6)
BMRI	85.8	95.1	87.6	(7.9)	93.2	90.4	(3.0)
BBRI	84.2	88.9	91.4	2.9	86.0	87.2	1.4
BBNI	86.8	96.1	86.4	(10.1)	93.1	83.5	(10.3)
CASA(%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	81.1	82.4	84.6	2.7	82.9	85.2	2.8
BMRI	74.3	74.8	68.0	(9.1)	75.2	70.2	(6.6)
BBRI	64.3	67.3	70.6	4.9	66.0	68.1	3.2
BBNI	71.2	69.9	69.7	(0.3)	70.5	66.5	(5.7)
COC(%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	0.3	0.3	0.5	66.7	0.5	0.6	20.0
BMRI	0.9	0.8	0.6	(26.6)	0.8	0.6	(30.1)
BBRI	2.4	3.2	3.3	3.1	3.5	3.2	(8.6)
BBNI	1.4	1.1	1.2	9.1	0.9	1.1	22.2
NPL(%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	1.9	1.8	1.7	(5.6)	2.0	1.8	(10.0)
BMRI	1.2	1.1	1.1	0.9	1.0	1.0	0.0
BBRI	2.9	2.8	3.1	10.7	3.1	3.3	5.4
BBNI	2.1	2.0	1.9	(5.0)	2.0	1.9	(5.0)
LAR(%)	2023	2024	2025	YoY Growth (%)	1Q25	1Q26	YoY Growth (%)
BBCA	6.9	5.3	4.8	(9.4)	6.0	5.1	(15.0)
BMRI	8.6	6.8	6.5	(4.1)	7.2	6.0	(16.5)
BBRI	12.5	10.7	9.6	(10.3)	11.4	10.3	(9.3)
BBNI	12.9	10.3	8.5	(17.5)	10.9	8.6	(21.1)

Source: Company, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:

Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.

Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.

Sell : The stock is expected to give total return of < 0% over the next 12 months.

Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”

Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:

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